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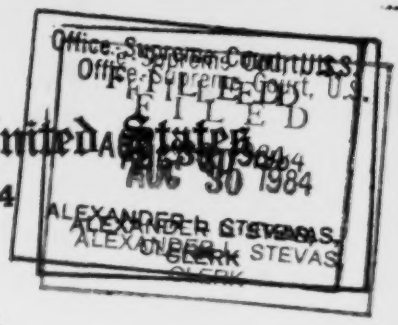

IN THE

Supreme Court of the United States

October Term, 1984

GARLOCK INC.,

Petitioner,

v.

W. L. GORE & ASSOCIATES, INC.,

Respondent.

On Petition for a Writ of Certiorari to the United States Court of Appeals for the Federal Circuit

BRIEF FOR RESPONDENT IN OPPOSITION

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36 pp

Statement of the Issues Actually Presented by Garlock's Petition for Certiorari

1. Should this Court grant certiorari to review the voluminous record below to determine whether the Court of Appeals was factually correct in stating that: (a) it did not set aside as clearly erroneous any probative fact found by the district court; (b) it did not engage in any inappropriate reweighing of evidence; and (c) the record contained no legally relevant evidence that could have sustained Garlock's burden of proving patent invalidity?

2. Should this Court grant certiorari to review errors of substantive patent law committed by the district court, notwithstanding Garlock's written concession that they do not warrant review by this Court?

The Parties

Pursuant to Supreme Court Rule 28.1, Respondent, W. L. Gore & Associates, Inc., identifies its parent company, subsidiaries (except wholly owned subsidiaries) and affiliates as follows: Junkosha Ltd., Japan Gore-Tex Inc., and Garg Associates Ltd.

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BRIEF FOR RESPONDENT IN OPPOSITION

Statement of the Case

The two patents in suit relate to the processing of polytetrafluoroethylene ("PTFE"), a known material which DuPont sells under its trademark TEFLON. U.S. Patent No. 3,953,566 (the "566 patent") is based on Dr. Robert W. Gore's discovery that by stretching highly crystalline PTFE rapidly, at elevated temperatures, it can be stretched to many times its original length to form porous, high strength products, even though that same heated material breaks after being stretched a short distance, when it is stretched slowly. U.S. Patent No. 4,187,390 (the "390

patent") is directed to new PTFE products which are highly porous but, nevertheless, have the strength required to make them commercially useful. These products also possess the conflicting properties of being both breathable and waterproof. No other material ever had this combination of properties.

Respondent, W. L. Gore & Associates, Inc. ("Gore"), makes and sells the patented breathable-waterproof fabric under its trademark GORE-TEX for use in outerwear such as shoes, boots, gloves, jackets and raincoats. The patented GORE-TEX product has also been used extensively as a replacement artery in human legs. Prior to Dr. Gore's invention, the only alternative for many patients suffering from advanced atherosclerosis was leg amputation or slow death from gangrene. Since 1976 more than 300,000 persons have received GORE-TEX replacement arteries. The product of the invention has been called "the most important synthetic material presently existing in vascular surgery." The product of Dr. Gore's invention has also been used as a patch for the human heart and to make the space suits for the shuttle astronauts. Annual sales of the patented products exceed sixty million dollars.

The two major sources of PTFE raw material, DuPont and ICI, both paid tribute to Dr. Gore's invention. ICI referred to the patented GORE-TEX product as "magical" and "bewitching" while DuPont called it a "remarkable new material" that "differs from other processed forms of 'Teflon'."

Petitioner, Garlock Inc., began making its infringing product, PLASTOLON, after receiving a request from a cus-

tomer for a material which could be substituted for GORE-TEX film, and after studying the 566 patent in suit. Garlock advertises its PLASTOLON as "a new form" of PTFE and as "a versatile new material which provides new orders of performance for consumer, industrial, medical and electrical applications." Garlock's customer advertises its infringing outerwear fabric made with PLASTOLON as "a new dimension in rainproof/breathable fabrics" and as a "super fabric."

In its Memorandum of Opinion, following a non-jury trial, the district court dismissed Garlock's fraud charges but held all claims of both patents invalid for anticipation under 35 U.S.C. §102, for obviousness under 35 U.S.C. §103, and for indefiniteness under 35 U.S.C. §112.

The Court of Appeals for the Federal Circuit affirmed in part and reversed in part. Expressly applying the clearly erroneous standard of Fed. R. Civ. P. 52(a), the Court of Appeals affirmed those portions of the district court's judgment holding claims 1 and 17 of the 566 patent invalid and dismissing Garlock's charges of fraud (A-10, A-15, A-29).* The Court of Appeals reversed as to other claims of the patents in suit because "dispositive legal error occurred in the interpretation and application of the patent statute" (A-7).

The Court of Appeals expressly recognized the applicability of both Rule 52(a) and *Pullman-Standard* v. *Swint,*

* *See,* e.g., A-9: "Gore does not . . . point to any basis on which the district court's findings must be held to have been clearly erroneous . . . We are not at liberty, of course, to substitute our own for the district court's findings underlying its conclusion that claim 1 is invalid."

456 U.S. 273 (1982) in the section of its opinion headed "Standard of Review" (A-7). It determined, however, that the district court had committed numerous legal errors, often compounding error upon error in reaching its conclusions. Because of these errors, the district court made many fact findings that were either legally irrelevant to the ultimate issues being decided, or were based upon legally irrelevant evidence. Consequently, although reversing, the Court of Appeals ruled that it was unnecessary to set aside as clearly erroneous any probative fact found by the district court.*

The Court of Appeals did not set aside any findings of fact which were based on legally relevant evidence and did not engage in any reweighing of the evidence. The Court of Appeals did, however, reverse erroneous legal conclusions of the district court and highlighted the complete absence from the record of legally relevant evidence capable of overcoming the statutory presumption of patent validity.

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* A-7, as amended by A-42. In the appendix to its petition Garlock did not print the full text of this portion of the final opinion of the Court of Appeals. We do so below:

> Where, as here, dispositive legal error occurred in interpretation and application of the patent statute, 35 U.S.C., the parties' arguments relating to the salutory injunction of Fed. Rule Civ. P. 52(a) cannot be controlling on all issues. Findings that "rest on an erroneous view of the law may be set aside on that basis", *Pullman-Standard* v. *Swint*, 456 U.S. 273 (1982). Thus it is unnecessary here to set aside any probative fact found by the district court on the basis of its being clearly erroneous or to engage in what would be an inappropriate reweighing of the facts.

Summary of Reasons for Denying the Writ

In its petition, Garlock contends that the Court of Appeals for the Federal Circuit is a renegade court which reverses indiscriminately without regard to Fed. R. Civ. P. 52(a). In truth, Garlock seeks to overturn numerous settled legal principles in the guise of a Rule 52(a) attack.

In this case the Court of Appeals applied Rule 52(a). It set aside none of the district court's findings as clearly erroneous. It did not reweigh any conflicting evidence. Thus, it affirmed the district court's holding that claim 1 of the 566 patent was invalid because anticipated and that claim 17 was invalid because obvious (A-10, A-15). It refused to set aside the district court's factual findings, which were not shown to be clearly erroneous, stating: "We are not at liberty, of course, to substitute our own for the district court's finding underlying its conclusion that claim 1 is invalid" (A-9). Similarly, in affirming the district court's holding that no fraud had been committed, the Court of Appeals determined that the correct legal standard had been applied and invoked Rule 52(a) stating: "No basis exists for our overturning that finding" (A-29).

When the Court of Appeals did reverse, it did so because the district court had used the wrong legal standards and, when the proper legal standards were applied, only one conclusion was possible, i.e. that Garlock had not sustained its burden of proof. In reversing, the Court of Appeals expressly relied on, cited to and quoted from *Pullman-Standard* v. *Swint,* 456 U.S. 273 (1982). That case holds that where a district court's findings rest on an erroneous view

of the law, they may be set aside on that basis. It further holds that where the record permits only one resolution of the issue, remand to the district court for new findings is unnecessary.

Garlock says it seeks review because the Court of Appeals failed to apply Rule 52(a). In reality, Garlock is asking this Court to sanction and reinstate the district court's numerous legal errors, errors which the Court of Appeals properly corrected. And yet, Garlock's petition expressly acknowledges that the legal issues decided by the Court of Appeals *do not* "present questions warranting certiorari" (p.4, n.1). A brief review of the five issues raised by Garlock demonstrates that they do not involve any violation of Rule 52(a).

(1) It is settled that the correct legal test under 35 U.S.C. §112 is whether a patent would have been understood by a person skilled in the relevant art at the time the patent was applied for. The district court held the patents in suit invalid because it concluded that they would not have been understood by the public at the time of trial. The Court of Appeals reversed because there was no record evidence which would support a holding of indefiniteness when the proper legal test was applied.

(2) It is settled that whether a patented invention is or is not obvious under 35 U.S.C. §103 is an issue of law freely reviewable as such on appeal. In reviewing such an issue of law an appellate court is not "second guessing" the district court when it decides to give more weight than the district court did to certain undisputed but legally relevant evidence.

(3) It is settled that in assessing the obviousness of a patent claim, all requirements of the claim must be considered, i.e. the invention must be viewed "as a whole." 35 U.S.C. §103. The district court erroneously focused on only one requirement, calling it the "thrust" of the invention, while ignoring other requirements of the claims. The Court of Appeals properly held this to be an error of law requiring reversal.

(4) It is settled that to establish "anticipation" by earlier literature, all features of the claimed invention must be disclosed in a single patent or publication. It is equally settled that if any claimed feature is not explicitly described in an earlier patent or publication, its allegedly inherent presence must be proved to a legal certainty. The district court found "anticipation," not in a *single* patent, but in the combination of *two* patents. This was a clear error of law. The district court compounded its error by misconstruing the quantum of proof legally required to prove inherency.

(5) It is settled that to constitute an "anticipation," a prior public use must meet all requirements of the patent claims. The district court improperly focused on only one of many claim requirements, calling it the "thrust" of the invention, and found all claims of the 566 patent "anticipated" by work performed at the Budd Company. Since there was a complete lack of proof that other claim requirements were met by the Budd work, the Court of Appeals properly reversed. The reversal was entirely consistent with Garlock's admission in writing before the Court of Appeals that the "Budd defense" did not apply to the only claims at issue here.

To summarize, the Court of Appeals did not reweigh conflicting evidence or "second guess" fact findings made by the district court. The Court of Appeals reversed because the district court made numerous legally erroneous rulings. Since Garlock admits that the legal issues decided by the Court of Appeals *do not* warrant review by this Court, this petition presents no basis for a writ of certiorari and should be denied.

Reasons for Denying the Writ

I. GARLOCK HAS NOT RAISED ANY TRUE RULE 52(a) ISSUES

In its petition Garlock sharply attacks the Court of Appeals and its Chief Judge, the author of the opinion below, accusing them of a pattern of wholesale judicial misconduct in allegedly violating Fed. R. Civ. P. 52(a). When stripped of acid remarks, scattershot generalizations and complaints about other cases, Garlock's petition identifies only five specific points of contention. But, as we now show, no violation of Rule 52(a) is involved in any of the five points raised by Garlock.

A. Garlock's Treatment Of Stretch Rate Attempts To Perpetuate The District Court's Errors Of Law

At pages 9-10 of its petition, Garlock criticizes the Court of Appeals' treatment of the term "stretch rate." The district court found that term indefinite, thereby invalidating the claims of the 566 patent under 35 U.S.C. §112. Garlock incorrectly accuses the Court of Appeals of reweighing the evidence and of making findings of fact contrary to those of the district court.

In reaching its legal conclusion that the patent claims were invalid for indefiniteness, the district court relied on an erroneous legal interpretation of 35 U.S.C. §112. As a result, its fact findings were based on evidence that was legally irrelevant. The Court of Appeals so held.

> The [district court's] findings rest on a misinterpretation of §112, its function and purpose. The district court considered whether certain terms would have been enabling to the public and looked to formula developments and publications occurring well after Dr. Gore's filing date in reaching its conclusions under §112. Patents, however, are written to enable those skilled in the art to practice the invention, not the public, . . . and §112 speaks as of the application filing date, not as of the time of trial. (A-25)

At page 10 of its petition Garlock refers to various "mathematical formulae" relied on by the district court as a basis for invalidation. But each of those formulae was promulgated *after* May 21, 1970, when Dr. Gore filed his patent application. The Court of Appeals held that, under the established law, the patentee's "disclosure must be examined for §112 compliance in light of knowledge extant on his application filing date" and, therefore, "subsequently developed and therefore irrelevant formulae cannot be used" (A-26).*

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* *See*, e.g., *White Consolidated Industries, Inc.* v. *Vega Servo-Control, Inc.*, 713 F.2d 788, 791 (Fed. Cir. 1983); *In re Mott*, 539 F.2d 1291, 1296 (C.C.P.A. 1976); *In re Moore*, 439 F.2d 1232, 1235 (C.C.P.A. 1971). Although the critical date was May 21, 1970, the district court relied on DX 1098, a handwritten document authored by Gore statistician Mehta in 1972 (A-85); a Gore 1981 Japanese patent (A-86; DX 1096) and a 1972 Schlemmer patent (A-86; DX 1103). Gore had seasonably objected at trial to use of this evidence and had briefed the issue extensively on appeal.

After disposing of this legally irrelevant evidence, and after a "careful time-consuming study of all exhibits and each page of the record" (A-6), the Court of Appeals concluded that the record contained "no evidence" which would support a holding that the patents violated 35 U.S.C. §112:

> There was no evidence and no finding that those skilled in the art would have found the specification non-enabling or the claim language indefinite on May 21, 1970, when the application which resulted in issuance of Dr. Gore's patent was filed. (A-26)*

Because the record contained *no legally relevant evidence* that could support a finding of indefiniteness, a remand to the district court for new findings was neither necessary nor proper. *Pullman-Standard* v. *Swint*, 456 U.S. 273, 292 (1982) (A remand is unnecessary where "the record permits only one resolution of the factual issue").**

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* Garlock's references to Dr. Armstrong's testimony are unavailing. His testimony was legally irrelevant and therefore was properly disregarded. He testified that the patent language was indefinite *to him in 1982*, based at least in part on his consideration of the patent in 1982 in light of post-1970 documents. The fact that Armstrong was still in school in 1970 confirmed his lack of knowledge of how the patents in suit would have been interpreted by those skilled in this art in 1970. The references in Garlock's petition to polymer rheologists are likewise irrelevant. There was never a finding or evidence that the patents in suit are addressed to polymer rheologists.

** The Court of Appeals did discuss the testimony adduced by Gore, which conformed to the correct legal standard, and contrasted that with the lack of any contrary legally relevant evidence from Garlock. But because the patents are presumed valid under 35 U.S.C. §282, the burden of proving invalidity due to indefiniteness rested on Garlock. *Ellipse Corp.* v. *Ford Motor Co.*, 452 F.2d 163, 170 (7th Cir. 1971), *cert. denied*, 406 U.S. 948 (1972); *Western State Machine Co.* v. *S.S. Hepworth Co.*, 147 F.2d 345, 350 (2d Cir.), *cert. denied*, 325 U.S. 873 (1945). Garlock's failure to adduce any legally relevant evidence of indefiniteness by itself required reversal.

B. In Challenging The Legal Conclusion That The 390 Patent Claims Were Not Obvious, Garlock Has Confused Questions Of Law With Questions Of Fact

At page 13 of its petition, Garlock criticizes the Court of Appeals for reversing the district court's holding that the 390 patent claims were obvious under 35 U.S.C. §103. Garlock accuses the Court of giving too much weight to evidence of "commercial success," and for stating that "*it is reasonable to conclude* that the claimed products would not have been obvious to persons of ordinary skill in the art at the time the claimed inventions were made" (A-24; emphasis Garlock's).

Garlock's petition displays a fundamental misunderstanding of basic patent law. Obviousness under 35 U.S.C. §103 is not a question of fact subject to the clearly erroneous rule. It is a question of law freely reviewable as such on appeal.

> [T]he issue of obviousness raises a question of law and, therefore, we are free to disagree with the district court even if we cannot brand his conclusion as clearly erroneous. *Chicago Rawhide Mfg. Co.* v. *Crane Packing Co.*, 523 F.2d 452, 460 (7th Cir. 1975), *cert. denied*, 423 U.S. 1091 (1976).
>
> * * *
>
> [T]his court reviews the issue of obviousness as one of law on which it must exercise independent judgment. *Union Carbide Corp.* v. *American Can Co.*, 724 F.2d 1567, 1573 (Fed. Cir. 1984).*

In deciding whether an invention is or is not obvious under 35 U.S.C. §103, a district court is required to make

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* *Accord, Sarkisian* v. *Winn-Proof Corp.*, 688 F.2d 647, 650-51 (9th Cir. 1982) (en banc), *cert. denied*, 103 S. Ct. 1499 (1983); *Dual Mfg. & Engineering, Inc.* v. *Burris Industries, Inc.*, 619 F.2d 660, 663 (7th Cir.) (en banc), *cert. denied*, 449 U.S. 870 (1980).

certain underlying findings of fact as to the scope and content of the prior art, the level of ordinary skill in the art, the differences between the prior art and the claimed invention and such "secondary considerations" as commercial success, satisfaction of a long-felt need, etc. *Graham* v. *John Deere Co.*, 383 U.S. 1, 17 (1966).* Those findings are reviewable under the clearly erroneous standard. Thereafter, a legal conclusion must be reached on the issue of obviousness. *Stratoflex, Inc.* v. *Aeroquip Corp.*, 713 F.2d 1530, 1535 (Fed. Cir. 1983).

In reaching its legal conclusion that the 390 patent was invalid for obviousness, the district court failed to take into account the "strong showing of objective evidence of non-obviousness here present" (A-23). This, the Court of Appeals held, was legal error:

> That approach was error. All evidence bearing on the issue of obviousness, as with any other issue raised in the conduct of the judicial process, must be considered and evaluated *before* the required legal conclusion is reached (emphasis in original). (*Id.*)

Had there been a factual dispute as to the "objective evidence of non-obviousness," i.e. whether the invention satisfied a long-felt need, was commercially successful, proceeded contrary to the conventional wisdom and was greeted with initial skepticism by experts in the art, a remand to the district court to resolve disputed factual issues might have

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* *See Simmons Fastner Corp.* v. *Illinois Tool Works, Inc.*, No. 83-1084, slip op. at 5 (Fed. Cir. July 31, 1984):

> The section 103 test of nonobviousness set forth in *Graham* is a four part inquiry comprising, not only the three familiar elements (scope and content of the prior art, differences between the prior art and the claims at issue, and level of ordinary skill in the pertinent art), but also evidence of secondary considerations when such evidence is, of course, present.

been considered. Here there was no dispute. The Court of Appeals expressly noted, based on its study of the entire record, that each of these points was "undisputed" (A-3).

Under these circumstances, once it reversed the district court's legal conclusion of obviousness, the Court of Appeals was entirely free to substitute its own legal conclusion giving the undisputed facts such weight as it deemed necessary. *United States* v. *Mississippi Valley Generating Co.*, 346 U.S. 520, 526 (1961); *Cathbake Investment Co.* v. *Fisk Electric Co., Inc.*, 700 F.2d 654, 656 (11th Cir. 1983); *Corex Corp.* v. *United States*, 524 F.2d 1017, 1019-20 (9th Cir. 1975), *cert. denied*, 425 U.S. 912 (1976). And in doing so, the Court of Appeals was not "second guessing" the district court.

C. Garlock's Misquotations From Both Opinions Below Do Not Establish An Erroneous Application Of Rule 52(a)

At page 14 of its petition, Garlock has juxtaposed truncated phrases, taken out of context from the opinions below, and has interspersed its own editorial comments. In doing so, Garlock has effectively misrepresented the relevant portions of both opinions. Garlock has also mischaracterized the reason for the Court of Appeals' reversal of the district court's legal conclusion that claims 3 and 19 of the 566 patent were obvious under 35 U.S.C. §103.

Contrary to what Garlock says, the Court of Appeals did not hold that stretching rapidly was, or was not, the accepted wisdom of the prior art. Nor did the district court hold, as Garlock says, that stretching rapidly, i.e. above 10 percent per second, was the accepted wisdom of the prior art. Moreover, Garlock is incorrect when it asserts that this alleged factual dispute was the reason for the reversal.

The district court concluded that stretching at a rate above 10 percent per second was within the ability of one of ordinary skill in the art (A-78, A-79). The Court of Appeals did not comment on that conclusion. Rather, in discussing Dr. Gore's invention, the Court of Appeals recognized that Dr. Gore had combined three normally antithetical conditions to create a process that, in its totality, proceeded contrary to the conventional wisdom:

> On the entire record and in view of all the references, each in its entirety, it is clear that a person of ordinary skill confronted with a PTFE tape breakage problem would have either slowed the rate of stretching or increased the temperature to decrease the crystallinity. Dr. Gore did neither. He proceeded contrary to the accepted wisdom of the prior art by dramatically increasing the rate and length of stretch *and* retaining crystallinity (emphasis in original). (A-17)

The issue addressed by the Court of Appeals was not whether one could stretch rapidly, which is what the district court referred to as the "thrust" of the invention (A-53).* Instead, the Court of Appeals considered the claimed invention "as a whole." 35 U.S.C. §103. It determined the legal import of the undisputed evidence that the prior art taught: (1) that there was a limit on the amount of stretch; (2) that crystallinity had to be reduced or eliminated before stretching rapidly; and (3) that to stretch further, one had to decrease, rather than increase, the rate of stretch. That Dr. Gore's process invention in its totality proceeded contrary to this conventional wisdom was correctly held by the Court of Appeals to be "strong evidence of non-obviousness," citing *United States* v. *Adams*, 383 U.S. 39 (1966) (A-17).

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* This was directly contrary to *Aro Mfg. Co.* v. *Convertible Top Replacement Co.*, 365 U.S. 336, 345 (1961), holding that there is "no legally recognizable or protected 'essential' element, 'gist' or 'heart' of the invention."

This, though, was only one basis for partially reversing the district court's judgment holding the claims of the 566 patent invalid for obviousness. The Court of Appeals pointed to a series of legal errors in the district court's opinion, any one of which would have justified a reversal. These errors of law included: (1) the failure to take into account the undisputed evidence that PTFE was considered unique, unpredictable, "*sui generis*" and not responsive to conventional plastics processing techniques (A-13 to A-15); (2) the failure to consider the prior art references in their entireties, "i.e. in disregarding disclosures in the references that diverge from and teach away from the invention at hand" (A-13); (3) "considering claims in less than their entireties" (A-13); (4) ignoring the legal requirement that before the teachings of references may be combined, "there must have been something present in those teachings to suggest" the combination (A-15, A-18); (5) "error in visualizing the burden of proof on obviousness" (A-19); (6) error in falling "victim to the insidious effect of a hindsight syndrome wherein that which only the inventor taught is used against its teacher" (A-18);* and (7) "error in specifically declining to consider the objective evidence of nonobviousness" (A-19).

Given these numerous legal errors, which are here unchallenged by Garlock, reversal of the district court's hold-

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* *Cf. Diamond Rubber Co.* v. *Consolidated Rubber Tire Co.*, 220 U.S. 428, 435 (1911):

> Knowledge after the event is always easy, and problems once solved present no difficulties, indeed, may be represented as never having had any, and expert witnesses may be brought forward to show that the new thing which seemed to have eluded the search of the world was always ready at hand and easy to be seen by a merely skillful attention. But the law has other tests of the invention than subtle conjectures of what might have been seen and yet was not.

ing of obviousness was not only justified, it was required. Since obviousness is a legal conclusion, no remand was necessary. The Court of Appeals was free to substitute its own legal conclusion of non-obviousness, as it did.*

D. The District Court's Holding That The 390 Patent Was Invalid For Anticipation Was Reversed On Legal, Not Factual Grounds

1. The District Court Erroneously Found Anticipation Based On A Combination of References

At page 11 of its petition, Garlock assumes that the district court held the claims of the 390 patent anticipated by *each* of the earlier Smith and Sumitomo patents. A plain reading of the district court's opinion does not support Garlock's view.

The claims of the 390 patent contain several requirements describing the products of that invention. The claims require both that the products have a microstructure of "nodes interconnected by fibrils" and that the products have high strength. In holding the 390 patent claims invalid for anticipation, the district court combined the teachings of the Smith and Sumitomo patents to form a composite anticipation. As stated by the district court:

> [T]he court finds the invention claimed in the 390 patent anticipated . . . because (1) the "nodes inter-

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* *See, e.g., Union Carbide Corp.* v. *American Can Co.*, 724 F.2d 1567, 1573 (Fed. Cir. 1984); *Sarkisian* v. *Winn-Proof Corp.*, 688 F.2d 647, 650-51 (9th Cir. 1982) (en banc), *cert. denied*, 103 S. Ct. 1499 (1983); *Dual Mfg. & Engineering, Inc.* v. *Burris Industries, Inc.*, 619 F.2d 660, 663 (7th Cir.) (en banc), *cert. denied*, 449 U.S. 870 (1980); *Chicago Rawhide Mfg. Co.* v. *Crane Packing Co.*, 523 F.2d 452, 460 (7th Cir. 1975), *cert. denied*, 423 U.S. 1091 (1976).

> connected by fibrils'' microstructure is an inherent characteristic . . . as taught by the Smith patent; and (2) the high strength PTFE products . . . are inherent in the examples taught by the Sumitomo patent. . . . Therefore, the Court holds the 390 patent invalid. (A-69)

The Court of Appeals reversed, holding that as a matter of law anticipation does not exist unless all of the claim requirements are found in a *single* prior art reference:

> Anticipation requires the disclosure in a single prior art reference of each element of the claim under consideration. (A-20)

In reversing, the Court of Appeals applied established legal principles.*

2. The District Court's Holding Of Inherency Was Legally Improper

The Court of Appeals also noted the legal errors committed by the district court in finding the strength and structure claimed in the 390 patent "inherent" in the Sumitomo and Smith patents respectively.** It is settled that to establish "inherency" more is required than proof that something is possible or even probable. Inherency requires proof that "it must invariably happen."†

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* *See*, e.g., *Santa Fe-Pomeroy, Inc.* v. *P&Z Co.*, 569 F.2d 1084, 1094 (9th Cir. 1978); *Paeco, Inc.* v. *Applied Moldings, Inc.*, 562 F.2d 870, 875 (3d Cir. 1977); *Tee-Pak, Inc.* v. *St. Regis Paper Co.*, 491 F.2d 1193, 1198 (6th Cir. 1974).

** "Among the legal errors extant in the record . . . are . . . an inherency theory under §102 and 103 [that] was inappropriately applied . . ." (A-7).

† *Stamicarbon N.V.* v. *Chemical Construction Corp.*, 544 F.2d 645, 652 (3d Cir. 1976). *See also Catalin Corp. of America* v. *Catalazuli Mfg. Co.*, 79 F.2d 593, 596 (2d Cir. 1935) ("an anticipation must speak affirmatively and with certainty; must disclose the invention without debate") (L. Hand, J.).

With respect to the "inherent" strength of Sumitomo's products, the Court of Appeals noted that there was a conflict in the expert opinion testimony and that no one had actually duplicated the Sumitomo process. The evidence was, therefore, insufficient *as a matter of law* to support a holding that the strength claimed in the 390 patent was "inherent" in the Sumitomo patent. Contested opinion testimony is simply inadequate to establish the "invariability" and "certainty" legally required to prove inherency.*

With respect to the "inherent" structure of Smith's products, the Court of Appeals held, after studying the entire record (A-6), that "there is no present record basis for finding that the Smith process in itself necessarily and inherently results in the products, each considered in its entirety, in the claims of the 390 patent" (A-22).

Garlock argues in its petition that inherency was proved by testimony that Garlock's infringing product was produced by following the general guidelines of the Smith patent (p.11, n.6). The Court of Appeals rejected that argument as a matter of law. Even assuming Smith to be a dominating patent as Garlock contends, "the rule of law is clear that an accused infringer's employment of a dominating patent does not render that employment an anticipation of an invention described and claimed in an improvement patent" (A-21, A-22).**

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* *See*, e.g., *In re Hughes*, 345 F.2d 184, 188 (C.C.P.A. 1965); *In re Turlay*, 304 F.2d 893, 899 (C.C.P.A. 1962).

** *See*, e.g., *Cantrell* v. *Wallick*, 117 U.S. 689, 694 (1886); *Fromberg, Inc.* v. *Thornhill*, 315 F.2d 407, 415 (5th Cir. 1963); *Ackermans* v. *General Motors Corp.*, 202 F.2d 642, 646 (4th Cir.), *cert. denied*, 345 U.S. 996 (1953); 69 *C.J.S. Patents* §295 ("a third person who is infringing both the patent for the original invention and the patent for an improvement cannot set up the existence of the first patent as an excuse for infringing the second patent").

Contrary to Garlock's allegations, the Court of Appeals neither substituted its own findings of fact for those of the district court nor resolved any conflicts in expert testimony. The Court of Appeals held that the district court applied an improper legal standard, but also held that it was "unnecessary . . . to resolve apparent conflicts in the divergent [expert] testimony" because, as a matter of law, a finding of inherent anticipation "cannot be predicated on mere conjecture respecting the characteristics of products that might result from the practice of processes disclosed in references" (A-21).* Because the record contained no evidence of actual duplications of the earlier patents and because those earlier patents were themselves "unacceptably vague" (A-21), the Court of Appeals correctly held as a matter of law that the district court's conclusion of inherency was in error.

E. Garlock's Reference To The "Budd Defense" Misstates The Record And Confuses Findings Of Fact With Conclusions Of Law

1. Garlock's Argument Is Based On The False Premise That Budd's Work Met The Patent Claims

At page 15 of its petition, Garlock argues that the process claimed in the 566 patent was "anticipated," i.e. previously carried out, by the Budd Company. Garlock states that "it was undisputed that a third party, Budd Company, had used the process that is the subject of the

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* *See Diamond Rubber Co.* v. *Consolidated Rubber Tire Co.*, 220 U.S. 428, 435 (1911), rejecting "subtle conjectures" as a basis for invalidating a patent. The Court of Appeals properly considered whether the evidence met the exacting standard of proof on the issue of inherency. *Baumgartner* v. *United States*, 322 U.S. 665, 671 (1944).

566 patent before the filing of the patent." That statement is untrue. Garlock itself admitted in its brief to the Court of Appeals that claims 3 and 19 of the 566 patent, the only claims of that patent here at issue, were *not* met by the Budd work.* The Court of Appeals agreed, holding that there was "a failure of proof that the claimed inventions as a whole were practiced by Budd" (A-12).**

It is settled that an earlier device or process must meet *all* claim requirements before it can invalidate the claim as an "anticipation."† As a matter of law, therefore, the Budd work could not anticipate the claims here at issue.

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* Garlock told the Court of Appeals that "a fair reading of the [district] court's opinion reveals that only claim 1 of the 566 patent was held invalid as being anticipated by the early Budd . . . activities" (Garlock appellate brief at p.30). Claim 1 of the 566 patent is not here at issue since the Court of Appeals affirmed the district court's holding that claim 1 was invalid on other grounds.

** The Court of Appeals was here referring to the absence of evidence in the record that all the requirements of the claimed invention had been met by the earlier Budd work. For example, claim 19 of the 566 patent requires the use of "highly crystalline" PTFE, and further requires the final length of the product to be greater than five times its original length. The district court itself found that the machine used by Budd to stretch tape only stretched it by 20 percent, i.e. to only 1.2 times its original length, which is far less than the required five times (A-62). And Garlock's own witness testified that he didn't know what the crystallinity was of Budd's PTFE. Comparable failures of proof occurred in the case of claim 3, the only other claim of the 566 patent here at issue.

† *See*, e.g., *Topliff* v. *Topliff*, 145 U.S. 156, 161 (1892); *Imhaeuser* v. *Buerk*, 101 U.S. 647, 660 (1880); *Firestone* v. *Aluminum Co. of America*, 285 F.2d 928, 929-30 (6th Cir. 1960); *In re Marshall*, 578 F.2d 301, 304 (C.C.P.A. 1978).

2. The Court Of Appeals Properly Decided The Public Use Issue

Because there was both a failure of proof on the "Budd defense" and a concession by Garlock that this defense did not apply to claims 3 and 19 of the 566 patent, the Court of Appeals need not have proceeded any further in reversing the district court's holding of anticipation. Nevertheless, because the Federal Circuit is now charged with bringing uniformity and certainty to the patent law, it corrected another of the district court's legal errors concerning the "Budd defense." It is the correction of that legal error which Garlock complains about at page 15 of its petition.

A third party's prior use of an invention, even where all claim requirements are met, does not necessarily constitute an "anticipation" that invalidates a patent claim. To invalidate, the prior use must have been accessible to the public.* Here, the district court found as fact that Budd acquired its machine pursuant to a written secrecy agreement that obligated Budd to maintain the machine as a trade secret (A-64). No effort was made to keep Budd's employees away from the machine. It was not shrouded behind a curtain and, at some (unspecified) time, several DuPont employees were shown the machine so they could help increase its speed (A-65). None of these findings was set aside by the Court of Appeals. It was also undisputed that Budd's employees were required to and did sign confidentiality agreements (A-11).

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* *D.L. Auld Co.* v. *Chroma Graphics Corp.*, 714 F.2d 1144, 1147 (Fed. Cir. 1983); *Continental Oil Co.* v. *Cole*, 634 F.2d 188, 195-96 (5th Cir.), *cert. denied*, 454 U.S. 830 (1981); *Gillman* v. *Stern*, 114 F.2d 28, 31 (2d Cir. 1940), *cert. denied*, 311 U.S. 718 (1941).

The 566 patent claims describe a process, not a machine. The undisputed testimony was that by merely looking at Budd's machine in operation it was not possible to ascertain what process was being carried out. For example, from a visual inspection it was not possible to ascertain whether or not the machine was stretching or, if it was stretching, at what rate. Nor was it possible to determine the crystallinity of the PTFE resin being used, or the temperatures being employed (A-11, A-12).

The Court of Appeals held that as a matter of law, Budd's use of the machine was not a public use of the patented process. There was "no evidence," the Court said, that knowledge of the process was "accessible to the public" (A-12). Access by employees under a secrecy obligation does not convert an otherwise secret use into a public use.* Therefore, in concluding that the Budd work was prior art, "[t]he district court . . . erred as a matter of law in applying the statute" (A-13).

Contrary to Garlock's assertion, the Court of Appeals did not substitute its own findings of fact for those of the district court. The Court of Appeals accepted the finding of access to the machine by Budd's employees, the only legally relevant finding, but held that as a matter of law it did not create a "public use" within the meaning of 35 U.S.C. §102.

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* This is settled law. *See*, e.g., *Gillman* v. *Stern*, 114 F.2d 28, 30-31 (2d Cir. 1940), *cert. denied*, 311 U.S. 718 (1941). The display of Budd's machine to several DuPont employees was legally irrelevant on the issue of "public" versus "secret" use because there was no evidence in the record as to when that display occurred, i.e. before or after the critical date (A-11).

II. GARLOCK HAS NOT SHOWN THAT THIS CASE IS PART OF A PATTERN WHERE THE COURT OF APPEALS HAS ALLEGEDLY FAILED TO APPLY RULE 52(a)

As demonstrated in detail *supra*, the Court of Appeals in fact applied Rule 52(a) in this case, precisely in accordance with *Pullman-Standard* v. *Swint*, 456 U.S. 273 (1982). While Garlock attempts to paint a picture of a court run amok, the facts show that the Court of Appeals for the Federal Circuit operates well within the norm. This is manifest from the *Federal Judicial Workload Statistics* for the period ending March 31, 1984, which reveals that the Federal Circuit reversed only 9.9% of the time (13.5% in appeals from district courts) (page 1), whereas the average reversal rate in civil cases for all circuit courts of appeals was 18.2% (*Id.* at page A-2).

At page 15 of its petition Garlock attempts to bolster its contention that the Court of Appeals for the Federal Circuit routinely disregards Rule 52(a) by pointing to dissents in other cases decided by that Court. Garlock's simplistic rationale appears to be that:

(1) In other decisions the dissent allegedly criticized the majority for failing to follow Rule 52(a).

(2) Judge Davis dissented in part in this case.

(3) THEREFORE, in the instant case the majority did not follow Rule 52(a).

The fallacy, of course, is that in his partial dissent in this case Judge Davis made no reference whatsoever to

Rule 52(a). *See* A-36 to A-41. Rather, Judge Davis dissented in part because he disagreed with the majority's legal conclusion concerning the non-obviousness of claims 3 and 19 of the 566 patent.

> The majority sustains the validity of claims 3 and 19 of the '566 patent (the claims also involved in appellant's suit for infringement) which are dependent on invalid claim 1. Because of the invalidity of claim 1 the only possible novelty in claim 3 would be the requirement that the rate of stretch would be about 100% per second, and the possible novelty of claim 19 would be that the final length would be greater than about five times the original length. My position is that both of these added elements, if novel, would have been obvious to persons of ordinary skill in the art. (A-40)

Finally, Garlock seeks to shore up its argument by pointing to five Court of Appeals decisions in which petitions for certiorari have been or are being filed, and which allegedly raise "questions substantially the same as those presented here" (p.6, n.3). As we now show, those cases bear no relationship to this one.

In two of the five cases, *TP Laboratories, Inc.* v. *Professional Positioners, Inc.*, 724 F.2d 965 (Fed. Cir. 1984) and *White* v. *Jeffrey Mining Machinery Co.*, 723 F.2d 1553 (Fed. Cir. 1983), questions of jury practice are involved, not the application of Rule 52(a). In one of the five cases, *Baginsky* v. *United States*, 697 F.2d 1070 (Fed. Cir. 1983), certiorari has already been denied. 104 S. Ct. 423 (1983).

In *Rohm and Haas Co.* v. *Crystal Chemical Co.*, 722 F.2d 1556 (Fed. Cir. 1983), the Court of Appeals invalidated a

patent for fraud on the Patent and Trademark Office ("PTO") and, in a later decision denying attorneys' fees, stated that its opinion "breaks new ground on the subject of fraud in the PTO and sets new standards in this area of the law." In its petition for certiorari, Rohm and Haas argued that this novel rule of law should not have been applied retroactively. In the instant case, the Court of Appeals did not break any new legal ground. Rather, it reversed in part because the district court repeatedly failed to apply well established principles of patent law.

In the fifth case, *RCA Corp.* v. *Applied Digital Data Systems, Inc.*, 730 F.2d 1440 (Fed. Cir. 1984), the dissent disagreed with the majority's holding that as a matter of law, anticipation of a means-plus-function claim element cannot be based upon an element in a reference that performs a different but allegedly equivalent function. In light of the disagreement, the dissent would have applied Rule 52(a)'s clearly erroneous test to affirm the district court. As brought out *supra*, the partial dissent in the instant case never even mentions Rule 52(a). *See* A-36 to A-41. Rather, Judge Davis dissented because he disagreed with the majority's legal conclusion of non-obviousness (A-40).*

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* In *Jones* v. *Hardy*, 727 F.2d 1524 (Fed. Cir. 1983), there was no dispute over the applicability of Rule 52(a). Instead, the dissent questioned whether the majority was correct in holding that certain facts were uncontradicted in the record. No such question appears in the dissent in the instant case. In the other dissent cited by Garlock (p. 20, n.15), the dissenting opinion made no reference to Rule 52(a). *See Hughes Aircraft Co.* v. *United States*, 717 F.2d 1351 (Fed. Cir. 1983).

Conclusion

In this case the Court of Appeals applied Rule 52(a), and did so in accordance with *Pullman-Standard* v. *Swint*, 456 U.S. 273 (1982). It set aside none of the district court's findings as clearly erroneous. It affirmed the district court's holding that claims 1 and 17 of the 566 patent were invalid. It affirmed the district court's holding that Gore had not committed fraud on the Patent Office.

The Court of Appeals reversed the district court's holding that certain patent claims were invalid because the district court had committed numerous legal errors. Under *Pullman-Standard* v. *Swint*, 456 U.S. 273, 287 (1982), where "a District Court's findings rest on an erroneous view of the law, they may be set aside on that basis." Remand to the district court was unnecessary here because, when the proper legal standards were applied, the record permitted only one conclusion, i.e. that Garlock had failed to sustain its burden of proving the patents invalid. This, too, was strictly in accord with *Pullman-Standard* v. *Swint*, *Id.* at 292.

Garlock's petition raises no issue which warrants granting certiorari. Nor has Garlock shown that this case is part of a pattern where the Court of Appeals has allegedly failed to apply Rule 52(a). What Garlock really seeks is to have this Court sanction and reinstate the numerous errors of law committed by the district court and corrected by the Court of Appeals. That is not a basis for granting certiorari in this or in any other case.

Directly in point is Mr. Justice White's concurring opinion in *Inwood Laboratories, Inc.* v. *Ives Laboratories, Inc.*, 456 U.S. 844 (1982):

> Furthermore, if the issue presented in the petition for certiorari had been whether the clearly erroneous standard, although properly invoked, was erroneously applied, it is doubtful in my mind that this fact-bound issue would have warranted certiorari.

It is respectfully urged that Garlock's petition be denied.

Respectfully submitted,

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